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ECONOMIC INTELLIGENCE COMMITTEE

Control No. 486972

EIC-M-71

15 May 1958

Minutes of Meeting Held in
Room 1121, Temporary "M" Building
26th and Constitution Avenue, Northwest

15 May 1958, 1400 hours

PRESENT:

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Dr. Otto E. Guthe, CIA, Chairman

[REDACTED] CIA, Vice Chairman

Cdr. Charles B. Brouillette, Department of the Navy

Mr. Bennett V. S. Davis, Department of the Navy

Mr. John Easton, Joint Staff (JCS)

Mr. Kingsley W. Hamilton, Department of the Air Force

Mr. J. Duncan Holmes, Department of the Army

Mr. Robert P. Terrill, Department of State

Mr. Edwin F. Jones, Department of State

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Mr. Charles E. Grim, Department of Commerce

Mr. Edward R. Van Sant, Office of the Secretary of Defense

[REDACTED] CIA

[REDACTED] CIA

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[REDACTED] CIA

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* Mr. Baxter Wood, Department of the Army

[REDACTED] EIC/S

[REDACTED] Executive Secretary, EIC/S

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APPROVAL OF MINUTES:

1. The Minutes of the EIC meeting of 3 April 1958 were approved.

ANNOUNCEMENTS BY THE CHAIRMAN:

2. The Chairman announced that most of the contributions had been received for EIC-S-30, "Survey of US Government Personnel Engaged in Economic Intelligence and Related Economic Research" and that the EIC Secretariat had compiled the data submitted and circulated it to the contributors for final checking (EIC-D-262/2, 7 May 1958). The Secretariat

* Present during part of meeting.

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ANNOUNCEMENTS (Continued)

will prepare a draft report summarizing the data and the conclusions which might be drawn from the survey report. The draft summary report will then be tabled for EIC consideration and suggestions.

3. The Chairman announced that the EIC, by interim action on 5 May 1958, concurred in the findings of the Subcommittee on General Economic Analysis on the proposed extension of the CIA/ORR sponsored external project on "European Satellite National Accounts". The Department of the Navy representative requested that Navy be recorded as having "no comment".

4. The Chairman announced that the Army's proposal for an updating of EIC-R-5, "The Economic Importance of the Resources of Selected Areas to the US and Other Free World Countries" will be taken up at an early EIC meeting. Agencies having an interest in, or who would be expected to contribute to such an updating have been requested to be prepared to discuss the proposal at the next EIC meeting.

5. The Chairman announced that the statement of Priority National Economic Intelligence Objectives (Annex B to DCID 1/3, dated 3 April 1958) had been concurred in by the Board of National Estimates, but had not yet been considered by the IAC.

REVIEW OF ACTIVITIES OF SUBCOMMITTEE ON PETROLEUM:

6. Discussion: The Chairman of the Subcommittee on Petroleum commented briefly on the SC's activities in the past and on plans for the future. This Subcommittee has met regularly (eight times this year), with good attendance and representation from the member agencies. Principal activities have included: Support for the exchange programs; preparation of agreed basic statistics, and preparation of reports on Soviet peacetime military consumption of petroleum. In addition, the Subcommittee prepared a contribution to the NIE 30-2-57, "Near East Developments affecting US Interests" on Trends in Middle East Oil. A subcommittee-sponsored study of the "Occurrence and Availability of Helium in the USSR" is nearly ready for publication by CIA.

7. Action: The Subcommittee was commended for the usefulness and wide scope of its activities and was encouraged to continue its current program. The Department of State representative noted that they had found the operation of this committee very gratifying.

REVIEW OF ACTIVITIES OF SUBCOMMITTEE ON MINERALS AND METALS:

8. Discussion: The Chairman of the Subcommittee on Minerals and Metals stated that they had not followed the practice of holding

regular meetings for about three years since CIA/RR is now the only agency significantly engaged in economic research on the Sino-Soviet Bloc areas on this subject. The Minerals and Metals SC has had no occasion to get together on agreed statistics in the past year. The SC met three times during the past year, each time at the request of the IAC Standing Committee on Exchanges. The Subcommittee has served a very useful function as a means of direct communication on a number of ad hoc questions.

8. Action: The Chairman stated that in spite of the fact that this SC does not meet regularly, it performs a very useful function. He further indicated that consideration should be given to devoting a larger effort on the non-ferrous side of the SC activities, particularly in regard to the revision of the priority deficiencies. He suggested that the new PNEIO's be used as a basis for revising the priority collection and research deficiencies.

CONSIDERATION OF EIC-R1-S7:

9. Discussion: The Chairman spoke briefly of the history of the R1 series, summarizing the points contained in EIC-D-288/1. He expressed the hope that the exercise could be discontinued because of the excessive man-hours required in the detailed coordination effort, and because it does not seem justified in the light of other intelligence that is being prepared on significant aspects on the subject. Comments were invited and discussion followed.

10. Action: In recognition of continuing community interest in this subject, the EIC agreed that the principal conclusions and summary statements of a selected group of scheduled research studies which bear on the subject matter of the R1 series will be reviewed by the appropriate EIC subcommittee(s) and that, when published, these studies will contain forewords noting concurrences or reservations of the reviewing agencies. The EIC plans to arrange for the issuance of an annual summary of these conclusions and agreed to recommend to the IAC that the revision of the EIC-R1 series not be undertaken this year. The EIC will report to the IAC a year hence regarding the suitability of alternative procedures. The EIC recommendation was forwarded to the IAC on 19 May 1958.

CONSIDERATION OF CIA PROPOSED REDRAFT OF DCID 15/1, SUB-PARAGRAPH 2a(3) and 2b:

11. Discussion: A CIA redraft of subpara. 2a(3) and 2b of DCID 15/1 covering the single point in the proposed revision of 15/1 which had not been previously agreed was discussed (EIC-D-290)

12. Action: The EIC approved this proposed revision with a minor change and concurred in the DCID in its entirety. It was agreed that it should be forwarded to the IAC for action. The proposed DCID 3/1 (formerly DCID 15/1) was forwarded to the IAC on 20 May 1958.

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Executive Secretary